

ANGUS COUNCIL

FINANCE AND INFORMATION TECHNOLOGY COMMITTEE – 15 APRIL 2003
POLICY AND RESOURCES COMMITTEE – 22 APRIL 2003

BENEFIT FRAUD INSPECTORATE SECOND INSPECTION

REPORT BY THE DIRECTOR OF FINANCE

ABSTRACT

This report advises the Committees of the Benefit Fraud Inspectorates (BFI) second inspection report on the Councils administration and counter fraud activity in Housing Benefit and Council Tax Benefit.

1. RECOMMENDATION(S)

It is recommended that the Committees:-

- (i.) Note the contents of the BFI second inspection report
- (ii.) Note the contents of the Implementation Plan appended to the report
- (iii.) Note that the Council has been commended for the improvements made since the first inspection by the BFI
- (iv.) Agree to homologate the decision of the Monitoring Group to approve the Implementation Plan for forwarding to the Department of Work and Pensions

2. BACKGROUND

The Benefit Fraud Inspectorate carried out a second inspection on the Councils administration and counter fraud activity in Housing Benefit and Council Tax Benefit between June and September 2002.

The BFI final report was published in January 2003 (a copy has been placed in the Members lounge) and acknowledged that Angus Council had responded positively to the recommendations made in the first report published in May 2000.

The current report also noted that the extent of change required from 1 May 2000 represented a significant challenge and commended the Council for the improvements made.

A number of improvements have been recommended by the BFI and an Implementation Plan has been drawn up in order to take forward these recommendations. A copy of the Improvement Plan is appended to this report.

The Department of Work and Pensions (DWP) required the Council to forward its Implementation Plan in a timetable which precluded a report being prepared for committee approval. Accordingly the draft Implementation Plan was presented to the Monitoring Group on 18 March 2003 for approval and has subsequently been forwarded to the DWP.

4. FINANCIAL IMPLICATIONS

There are no financial implications arising as a result of this report.

5. CONSULTATION

The Chief Executive and the Director of Law and Administration have been consulted in the preparation of this report.

6. HUMAN RIGHTS IMPLICATIONS

There are no human rights implications arising as a result of this report.

NOTE

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973, (other than any containing confidential or exempt information), were relied on to any material extent in preparing the above Report.

DAVID SAWERS
DIRECTOR OF FINANCE

Ref: DSW/TA
Date: 10/04/2003
Document Title: 15-04-03-bfi-second-inspec

ANGUS COUNCIL

B.F.I. 2ND REPORT RECOMMENDATIONS

IMPLEMENTATION PLAN

AS AT 18th MARCH 2003

No.	Recommendation	Implementation Date	Performance Standard	Monitoring Arrangements	Comments
1.	Monitor the use of the new BEO in Forfar and pay particular attention to claimant privacy by undertaking an exit opinion survey. This will give Angus information on the extent to which the caller facility in Forfar encourages or inhibits claimants from making claims, reporting changes or simply making general enquiries. If this proves to be a chronic problem, Angus Council should seek to increase the priority of a permanent and more suitable arrangement within the council-wide ACCESS upgrade programme.	15 August 2003		Council Tax and Benefits Manager	Date will allow new Forfar supervisor to be appointed and carry out survey.

ANGUS COUNCIL

B.F.I. 2ND REPORT RECOMMENDATIONS

IMPLEMENTATION PLAN

AS AT 18th MARCH 2003

No.	Recommendation	Implementation Date	Performance Standard	Monitoring Arrangements	Comments
2.	<p>On the next re-print of its claim form, incorporate the comments outlined at Appendix B in this report and, in particular, ensure that the form:</p> <ul style="list-style-type: none">- requests details about previous claims to HB and CTB (other than at the previous address).- includes a statement within the declaration to say that providing incorrect information could lead to prosecution.	1 July 2003	BFI model claim form	Council Tax and Benefits Manager	
3.	<p>Develop a desk aid which:</p> <ul style="list-style-type: none">- fully specifies what is acceptable evidence for each element of the claim.- documents the process to follow when evidence to VF standard cannot be provided.	30 June 2003		Council Tax and Benefits Manager	

ANGUS COUNCIL

B.F.I. 2ND REPORT RECOMMENDATIONS

IMPLEMENTATION PLAN

AS AT 18th MARCH 2003

No.	Recommendation	Implementation Date	Performance Standard	Monitoring Arrangements	Comments
4.	Introduce a verification desk aid that includes examples of effective cross checking.	30 June 2003		Council Tax and Benefits Manager	
5.	Identify claims requiring an RO decision at the earliest opportunity after receipt. Subsequently referrals should be made to the RO within 3 days of receipt of the claim or as soon as practicable thereafter.	31 August 2003		Benefits Integration Strategic Review Group (BISRG)	A review of computer system constraints will be undertaken.
6.	Introduce a fast track process whereby requests for backdating are identified and referred to the nominated decision maker as soon as they are received or as soon as all information becomes available.	31 March 2003		Council Tax and Benefits Manager	Practise note already in place. Staff to be e-mailed and reminded of procedures.
7.	Remind staff that claimants need to provide evidence to verify good cause and that good cause has to be established for the whole of the period of the claim.	31 March 2003		Council Tax and Benefits Manager	Practise note already in place. Staff to be reminded of procedures.

ANGUS COUNCIL

B.F.I. 2ND REPORT RECOMMENDATIONS

IMPLEMENTATION PLAN

AS AT 18th MARCH 2003

No.	Recommendation	Implementation Date	Performance Standard	Monitoring Arrangements	Comments
8.	Undertake formal analysis of all overpayments identified by the checking officers, to identify: - the claim type - the reason for the overpayment	30 June 2003		Council Tax and Benefits Manager	
9.	Further analyse its management information on all LA error overpayment to identify: - the claim type - the reason for the overpayment	30 June 2003		Council Tax and Benefits Manager	
10.	Use this information to evaluate and reconsider its risk analysis in general and the cases it targets in particular.	30 June 2003		Council Tax and Benefits Manager	

ANGUS COUNCIL

B.F.I. 2ND REPORT RECOMMENDATIONS

IMPLEMENTATION PLAN

AS AT 18th MARCH 2003

No.	Recommendation	Implementation Date	Performance Standard	Monitoring Arrangements	Comments
11.	Maintain a complete audit trail which clearly records, for each claim type, the number of: - checks selected against the total number of decisions made - claim files requested against the total number of checks selected - checks undertaken against the number selected.	31 May 2003		BISRG	
12.	Ensure line management re-performs the checks on a small percentage of the cases already checked by the checking officers.	31 May 2003		BISRG	

ANGUS COUNCIL

B.F.I. 2ND REPORT RECOMMENDATIONS

IMPLEMENTATION PLAN

AS AT 18th MARCH 2003

No.	Recommendation	Implementation Date	Performance Standard	Monitoring Arrangements	Comments
13.	Reminds or retrains staff to: <ul style="list-style-type: none">- ask for all relevant information on the initial scrutiny of a claim- use all available sources to gather information, including RATS enquiries and telephone enquiries to other government departments (OGDs)- give priority to and process any claim as soon as possible after all information becomes available.	Implemented 15 February 2003		Council Tax and Benefits Manager	
14.	Ensure the checking officers report to the Benefits and Council Tax Manager on this aspect of performance in particular so that management can be assured that the changes in claimants' circumstances are properly anticipated and benefit periods restricted accordingly.	30 June 2003		BISRG	

ANGUS COUNCIL

B.F.I. 2ND REPORT RECOMMENDATIONS

IMPLEMENTATION PLAN

AS AT 18th MARCH 2003

No.	Recommendation	Implementation Date	Performance Standard	Monitoring Arrangements	Comments
15.	Remedy the 2 weaknesses within its current decision notices so that it fully meets its legal obligation.	30 June 2003 (See Comments)		BISRG	Council Tax and Benefits Manager to write to software supplier.
16.	Extend its revisions and appeals management information to include the outcomes and reasons for decisions.	30 June 2003		Council Tax and Benefits Manager	
17.	Improve its customer complaint records to include reasons and outcomes of complaints.	1 April 2003		Council Tax and Benefits Manager	
18.	As planned, works with RS to develop an SLA and then monitors performance against agreed service targets.	See Comments		BISRG	R.S to be contacted by 31 July 2003 and implementation date agreed thereafter.
19.	Immediately restrict the number of users with Account Manager powers to one, with secure back-up arrangements in case of emergency.	30 April 2003		BISRG	Review to commence after end of year / start of year processes and procedures are completed.

ANGUS COUNCIL

B.F.I. 2ND REPORT RECOMMENDATIONS

IMPLEMENTATION PLAN

AS AT 18th MARCH 2003

No.	Recommendation	Implementation Date	Performance Standard	Monitoring Arrangements	Comments
20.	<p>Urgently address our concerns and undertake a comprehensive risk assessment of its IT security arrangements. It should then develop policy and procedures for:</p> <ul style="list-style-type: none">- user access levels and the need for regular review- security checking at a level commensurate with the council's risk assessment- management checking to give assurance on compliance	31 October 2003		BISRG	To be addressed as part of new computer system implementation.

ANGUS COUNCIL

B.F.I. 2ND REPORT RECOMMENDATIONS

IMPLEMENTATION PLAN

AS AT 18th MARCH 2003

No.	Recommendation	Implementation Date	Performance Standard	Monitoring Arrangements	Comments
21.	<p>Increase the internal security of its cheque dispatch process. In particular it should urgently:</p> <ul style="list-style-type: none">- ensure that any cheques extracted from the run are immediately annotated as cancelled by the officer responsible for extraction, before sending them to the benefits team in a controlled manner- reduce the number of people involved in the process or ensure that there is a complete and secure audit trail from start to finish.	<p>31 March 2003</p> <p>31 March 2003</p>			<p>Procedures to be amended to ensure immediate cancellation of appropriate cheques.</p> <p>Signatures to be obtained at time of cheque handover.</p>

ANGUS COUNCIL

B.F.I. 2ND REPORT RECOMMENDATIONS

IMPLEMENTATION PLAN

AS AT 18th MARCH 2003

No.	Recommendation	Implementation Date	Performance Standard	Monitoring Arrangements	Comments
22.	<p>To have greater assurance that its post opening process is secure:</p> <ul style="list-style-type: none">- ensure all post received at Invertay site is either delivered to a secure box and then collected by more than one member of staff, or alternatively 2 members of staff always take receipt of the post from Royal Mail.- ensure that staff are not allowed to enter or leave the room once post opening has commenced.- ensure returned HB cheques are cancelled immediately.- ensure that post marked 'private' or 'confidential' is opened in the presence of 2 officers, the named officer and another, in case the envelope contains cheques, cash or other valuables.- undertake spot checks to ensure compliance with procedures.	31 March 2003		Head of Revenues	
23.	When the work arrears are	31 August 2003		BISRG	

ANGUS COUNCIL

B.F.I. 2ND REPORT RECOMMENDATIONS

IMPLEMENTATION PLAN

AS AT 18th MARCH 2003

No.	Recommendation	Implementation Date	Performance Standard	Monitoring Arrangements	Comments
	cleared, analyse all LA error overpayments including those caused by process delay.				
24.	Remind staff of the need to ensure that the correct date is used when inputting changes of circumstances to avoid incorrect classification of overpayment.	31 March 2003		Council Tax and Benefits Manager	
25.	When it is able to do so, collect management information that shows the amounts recovered from each of the recovery methods used.	See Comments			New computer application to be implemented by 31 October 2003. Management Information will be reviewed thereafter.
26.	Conform to the Department's guidance and increase the weekly rate of deductions.	Implemented October 2002		BISRG	
27.	Ensure this change to existing practice is monitored by the Fraud Manager to ensure that all claimants and landlords suspected of fraud and due to be interviewed are formally cautioned before being questioned.	Completed		File Reviews	All investigating staff have been instructed on the need to issue formal cautions at the appropriate time during fraud investigations. Guidance has been obtained from the Director of Law and Administration to help ensure application of best practice.
28.	Extend its use of authorised individual powers to include visits to employers.	31 March 2003		File Review / Case Planning	Visits are made and will continue to be made to employers premises during the course of an investigation to obtain witness statements, employment pattern details etc. At this time all employers approached have co-operated with

ANGUS COUNCIL

B.F.I. 2ND REPORT RECOMMENDATIONS

IMPLEMENTATION PLAN

AS AT 18th MARCH 2003

No.	Recommendation	Implementation Date	Performance Standard	Monitoring Arrangements	Comments
					investigative staff and supplied all information requested. In the event of non co-operation being encountered authorised individual powers will be used.
29.	Ensure the Fraud Manager undertakes a comprehensive appraisal of the roles of all the BFT staff with a view to separating out those duties that could be more efficiently done by a clerical support officer.	Completed			Results will be used to inform wider review currently in progress.
30.	Use its fraud case management system to regularly provide a wide range of performance reports.	30 June 2003		Fraud Manager review.	Additional report production is under development.
31.	Use its case management system to provide the necessary reports required to analyse the risk of benefit fraud through successful and unsuccessful fraud referrals.	30 June 2003		Fraud Manager review	Additional report production is under development.
32.	Ensures the BFT evaluates the referral prioritisation scorecard provided by BFI, customises it as necessary and uses it to prioritise fraud referrals received.	Completed			Referral Prioritisation Matrix developed and now in use. The results obtained from its use will be monitored to assess effectiveness.
33.	Update the case management system to include: - BA should be changed to DWP, and this should be separated into processing staff from Jobcentre Plus and	Completed	All Fraud Referrals	Introduction of Revised Fraud Referral Form	

ANGUS COUNCIL

B.F.I. 2ND REPORT RECOMMENDATIONS

IMPLEMENTATION PLAN

AS AT 18th MARCH 2003

No.	Recommendation	Implementation Date	Performance Standard	Monitoring Arrangements	Comments
	<p>The Pensions Service as well as CFIS and CFID</p> <ul style="list-style-type: none">- referrals from housing staff should be included as a separate category- referrals from the general public should be included as a separate category- other internal LA staff referrals should be re-introduced as a separate category.	<p>Completed</p> <p>To Be Reviewed</p> <p>Completed</p>			<p>A review of the feasibility of how this category can be integrated within the existing structure will be carried out.</p>

ANGUS COUNCIL

B.F.I. 2ND REPORT RECOMMENDATIONS

IMPLEMENTATION PLAN

AS AT 18th MARCH 2003

No.	Recommendation	Implementation Date	Performance Standard	Monitoring Arrangements	Comments
34.	Ensure the reason for not investigating a referral is recorded on the case management system and that the BFT manager regularly runs a report to show the number and reasons for referrals not being investigated.	31 March 2003	All	Management Reports	This recommendation is accepted. However its implementation has a number of technical difficulties which require to be overcome if it is to be introduced in a manner that will allow meaningful automatic report generation. Consideration is being given to these issues at this time to determine if they may be resolved.
35.	Ensure all referrals accepted for investigation are allocated to investigators immediately on receipt.	To Be Reviewed			System of Fraud Referral evaluation has been introduced which will be used to prioritise work. The impact on case allocation will require to be assessed.
36.	Management tracks the progress of individual workloads through file checking, monitoring the available management information and through continued discussion at team meetings.	30 June 2003	Agreed Targets	Management Reports / Team Meetings	
37.	Set a target for the time lapse between referral and the start of an investigation. In addition a target should also be set for the average time lapse between the start and conclusion of an investigation. The BFT manager should monitor performance against this target.	31 March 2003 To Be Reviewed	Agreed Target	Management Report	A review will be carried out to take into account impact of other agreed changes to work practices.
38.	Set clear written individual targets for its investigators, commensurate with their levels of	Completed	Target Achievement	Management Report	Targets discussed and agreed at team meetings. Targets are agreed at an individual and team level.

ANGUS COUNCIL

B.F.I. 2ND REPORT RECOMMENDATIONS

IMPLEMENTATION PLAN

AS AT 18th MARCH 2003

No.	Recommendation	Implementation Date	Performance Standard	Monitoring Arrangements	Comments
	skill and experience.				
39.	Further amend its prosecution policy as a priority. It should explicitly show that it will consider offering an administrative penalty to those claimants who meet the general criteria for prosecution but where such action has been considered inappropriate on the grounds of age. It should also state that should the claimant decline this offer or default on the payment of the administrative penalty, the merits of a referral to the Procurator Fiscal to consider prosecution will be reviewed by the LA.	31 March 2003 See Comments	Report to Director of Finance		The DWP is to be contacted for clarification on the interpretation of the guidance previously issued in regard to when it is appropriate to offer an Administrative Penalty.

ANGUS COUNCIL

B.F.I. 2ND REPORT RECOMMENDATIONS

IMPLEMENTATION PLAN

AS AT 18th MARCH 2003

No.	Recommendation	Implementation Date	Performance Standard	Monitoring Arrangements	Comments
40.	In cases where the policy's financial criteria for sanction has been met but neither an administrative penalty nor a prosecution is considered appropriate, issues a cautionary letter to the claimant advising them of the situation. Importantly at this stage it should also make clear to the claimant that should they commit a further fraud then sanctions would be likely regardless of the value of the fraud or their age.	31 March 2003	All appropriate cases	File Review	Will be issued in cases where a formal IUC has been carried out – in others by exception.
41.	After it has amended its prosecution policy in line with our comments, should evaluate its impact towards the end of its first year of operation.	See 39			
42.	Increase its counter fraud publicity to raise the profile of BFT.	30 June 2003			

ANGUS COUNCIL

B.F.I. 2ND REPORT RECOMMENDATIONS

IMPLEMENTATION PLAN

AS AT 18th MARCH 2003

No.	Recommendation	Implementation Date	Performance Standard	Monitoring Arrangements	Comments
43.	<p>Review its approach to management checking and design a revised process which:</p> <ul style="list-style-type: none">- details the timing of the checks, and this must include interventions in live cases that can still affect the outcome.- Records all management checks carried out, and to whom this information will be reported.- Re-introduce the 10% management checking as a priority.	<p>Completed</p> <p>Completed</p> <p>Completed</p>	<p>10% of all cases</p> <p>10% of all cases</p>	<p>Review of Records</p>	<p>Management checks on live cases now controlled by spreadsheet.</p> <p>The 10% management check of closed cases has now been reintroduced and brought up to date with all cases closed from April 2002 brought within the scope of these checks.</p>

ANGUS COUNCIL

B.F.I. 2ND REPORT RECOMMENDATIONS

IMPLEMENTATION PLAN

AS AT 18th MARCH 2003

No.	Recommendation	Implementation Date	Performance Standard	Monitoring Arrangements	Comments
44.	Use its fraud case management system to provide analysis and other statistics on proactive investigations so that it can monitor performance in this area in general and in the following areas in particular: - data matching - fraud hotline - the Do Not Redirect scheme - joint initiatives with CFIS or CFID	30 June 2003		Management Reports	Reports in course of development.
45.	Ensure that the Benefit and Council Tax Manager in consultation with staff produces a vision statement that inspires and directs efforts to deliver a secure and effective service. Additionally elected Members should be invited to endorse the vision so that they can fully demonstrate their commitment to it.	30 September 2003			To be reviewed as part of business planning cycle.

ANGUS COUNCIL

B.F.I. 2ND REPORT RECOMMENDATIONS

IMPLEMENTATION PLAN

AS AT 18th MARCH 2003

No.	Recommendation	Implementation Date	Performance Standard	Monitoring Arrangements	Comments
46.	As part of its planned review, consider in particular those current performance targets that do not fully meet its requirement for SMART criteria. It should also consider our comments, particularly those which involve the risk of perverse incentive.	30 September 2003			To be reviewed as part of business planning cycle.
47.	Ensures staff are given clear written performance targets, commensurate with their levels of skill and experience.	30 September 2003			To be reviewed as part of business planning cycle.
48.	Within its existing planning cycle, build on its current performance plans and personal action plans and combines them with a resource plan. This should match staffing to estimated workloads in the benefit administration and counter fraud areas.	30 September 2003			To be reviewed as part of business planning cycle.

ANGUS COUNCIL

B.F.I. 2ND REPORT RECOMMENDATIONS

IMPLEMENTATION PLAN

AS AT 18th MARCH 2003

No.	Recommendation	Implementation Date	Performance Standard	Monitoring Arrangements	Comments
49.	Ensures the Senior Auditor and the Benefits and Council Tax Manager report performance against all targets to their respective line managers and provide feedback to staff on a monthly basis. In addition they should report performance against target to BISRG, which includes the Finance Director, at the same time.	30 September 2003			To be reviewed as part of business planning cycle.
50.	Implement a process whereby it routinely summarises the number of days invested in benefits training. This should be broken into individual training subject types.	1 April 2003		Council Tax and Benefits Manager	